

QUESTIONS FOR GREG WHITE
APPOINTED MEMBER OF THE PUBLIC SERVICE COMMISSION

1. What is your understanding of the core functions of a Public Service Commission (PSC) member? In your opinion, what is the public interest?
2. What qualifies you to serve on the PSC?
3. Do you have any interest, financial or otherwise, in any entity regulated by the PSC?
4. What will be your guiding philosophy in carrying out the duties of the PSC?
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11. What is the proper role of the PSC in promoting energy efficiency? What should the PSC be doing to reduce demand for energy? Will you continue to support the PSC's issuance of grants to fund energy efficiency projects around Michigan? Do you think enough is being done to promote energy efficiency in Michigan?
12. Do you consider the current statutory definition of renewable energy to be sufficient to take advantage of new technologies once they are technologically and commercially viable? What are your views on the use of alternative energy technologies? Are you an advocate of renewable energy?

13. Do you believe ratepayers should pay a premium to support "green energy" above the current statutory levels? Should the promotion of "green energy", beyond those levels, be voluntary or should all ratepayers be required to pay a premium?
14. Governor Granholm set forth in an executive directive a process whereby the DEQ would decide and report to the PSC on the need for additional carbon-based power plants in the state while PA 295 of 2008 specifically entrusts that decision to the PSC. What will you do to protect the PSC's statutory powers and duties in this regard?
15. What are the updated cost estimates for implementing PA 295 of 2008?
16. Do you favor passing government mandated costs on to utility customers? What will you do to ensure that an energy policy minimally impacts customers' rates?
17. Energy costs are important factors in a state's economy. Discuss how Michigan rates compare to those in neighboring states. Does this concern you? As a member of the PSC, you understand that low electric rates are a key component in Michigan's economic recovery plan, what will you do to keep the state's electric rates low?
18. Do you favor a level of competition in the regulated energy markets the PSC oversees? If so, do you believe the current statutory level(s) adequately advance the cause?
19. Do you believe that there is effective competition in the telecommunications industry? To what extent do you believe robust competition between wireline and wireless carriers impacts economic development in Michigan?
20. What should the PSC do to facilitate job promotion and economic development?
21. What consideration should the environment be given in utility regulation?
22. Do you think Michigan needs a long term energy plan? If so, what should its components be?

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1. What is your understanding of the core functions of a Public Service Commission (PSC) member? In your opinion, what is the public interest?

In my view, the core functions of a Michigan Public Service Commission member are to implement the authorizing laws of the State of Michigan in a manner that supports informed, effective, fair and efficient regulation of the infrastructure-intensive network industries providing essential services, including electricity and natural gas utility services, and to a lesser degree, telecommunications, motor carrier and water and sewer services to the citizens of Michigan. Essentially, the Commissioner should strive to ensure that adequate, reliable, and efficient regulated services are provided at just and reasonable rates in a way that maximizes the use of market forces, while promoting and developing economic opportunity.

Generally, the "public interest" refers to the "common well-being" or "common good" central to a democratic form of government. In the context of a Public Service Commission member, the Commissioner must find the appropriate balance in the public interest concerning the consuming citizens and businesses and the regulated entities that provide essential services.

2. What qualifies you to serve on the PSC?

In my view, my experience and education uniquely qualify me to serve on the MPSC. I have served for most of the last 23 years as a staff-member of the MPSC in several capacities, including Legislative Liaison for the Commission for five years (2005-2009), as well as Executive Assistant to three members of the Commission – Commissioner Robert Nelson (I) 1999-2005; Chairman John Strand (R) 1998-1999 (Special Assistant for Nuclear Issues); and Commissioner John Shea (D) 1998. Prior to my time in the Commissioner's office, I served nine years on the Commission's policy staff (1989-1997), working primarily in energy policy, which included managing the Commission's Congressional and Federal relations. My first two years at the Commission in the Consumer Services Division (1987-1988) completes a resume at the MPSC alone that has given me a wealth of experience in the field of public utilities regulation.

During my time on the Commission staff, I have prepared and delivered expert testimony before state and federal legislative bodies and regulatory agencies in virtually every industry over which the MPSC has a measure of regulatory oversight, including the electric and natural gas industries, nuclear power and renewable energy industries, telecommunications, and motor carrier industries.

In addition to my time at the MPSC, I have gained professional experience doing oil and gas development work with the Michigan Geological Survey (1983), and renewable

energy development with the former Michigan Energy Administration (1983-1987). More recently, I held the position of Associate Director at the Institute of Public Utilities at Michigan State University (2008). In all, I have 27 years service in energy resources development, utility regulation, and energy and telecommunications policy.

My education includes a Bachelor of Science in Resource Development from Michigan State University (1983), and a Masters in Public Administration from Grand Valley State University (1997). Also in 1997, I was awarded a Lifetime Honorary membership in Pi Alpha Alpha, the National Honor Society for Public Administration. I also have completed various training and educational programs such as the Regulatory Studies Program at Michigan State University (1989).

In summary, my vast experience and education should demonstrate that I have excellent qualifications to serve on the MPSC.

3. Do you have any interest, financial or otherwise, in any entity regulated by the PSC?

No.

4. What will be your guiding philosophy in carrying out the duties of the PSC?

There are a couple of key tenets that are extremely important to me concerning the responsibilities and conduct of the Commission, and these will guide my philosophy toward carrying out the duties of the MPSC. First, those of us that work in the public sector must be held to the highest standards of conduct and accountability. Anything less is unacceptable. Next, the decisions of the Commission must seek to balance the interests of all stakeholders, both directly and indirectly, and seek to achieve the highest possible level of fairness at all times. That can be accomplished by maintaining standards to ensure "due process" in our proceedings, and the doctrine of "just and reasonable" rates in matters concerning rate-determining cases.

5. What guidance will you draw upon, from your experience representing the PSC before the Legislature, for your new role in implementing legislative enactments? What is the appropriate relationship between the PSC and the Legislature?

My answer to the first part of this question is shaped to a large degree by my views concerning the second part of the question, and that is this: The Legislature is the policy-setting arm of Michigan government, and agencies such as the MPSC are authorized to implement the policies of the Legislature. Working as the Legislative Liaison for the MPSC provided a wealth of experience from which to draw guidance as a member of the MPSC. Two things stand out when I consider this – intent and perspective. Having

worked closely with legislators in the development of several key utility and telecommunications statutes, I recognize that it is important to understand the intentions of the Legislature in passing the laws that authorize the Commission on various matters. The other key guide that working as the MPSC liaison to the Legislature provided was perspective. Not only did I have the opportunity to hear the views of the members of the Legislature and the various stakeholder interests that participated in the legislative process, but as the Commission's liaison, I often communicated directly with the constituents of the legislators at all levels. Hearing the concerns and needs of business and residential constituents has helped provide an insightful perspective of the impacts and magnitude of how the decisions of this Commission affect the citizens of this State. In my view, the experiences provided from my time working with the Legislature will serve me well as I move into the position of a Commissioner.

6. As you know, having well trained PSC staff is important to creating and administering regulations. How will you administer, retain, and obtain staff members?

The work of the MPSC is both complex and highly technical, so I couldn't agree more that having well trained staff is important to administering regulations. There are rules and procedures established by the Michigan Civil Service Commission that guide the hiring of staff. However, the Commission must be analytical and strategic when it comes to using our scarce FTE's for hiring staff.

In terms of obtaining staff, the Commission needs to identify the area of need to fill, whether engineers, accountants, economists, etc., and use the established process for filling those positions. The process needs to be open and competitive with the goal of hiring the best possible candidate for the position.

Once the Commission has hired staff, there are steps we can take to retain staff, and keep them interested and excited about their positions. Recognizing that we are limited from some of the tools available to the private sector, such as bonuses, we can do things such as provide training opportunities, cross-training, and offer recognition programs that can help motivate staff to excel.

7. The PSC is a Type-1 agency within the DELEG. What is your understanding of the operational framework and structure for a Type-1 agency?

Type-1 agencies are typically boards or commissions that exist under a principal department, but the Type-1 agency has certain decision-making authority under law separate from the principal department. The principal department has a minor supervisory role over the Type-1 agency, often limited to include budgeting, procurement and related management functions. Clearly a Type-1 agency exercises its prescribed statutory powers, duties and functions of rule-making, licensing and registration

including the prescription of rules, rates, regulations and standards, and adjudication independently of the head of the department.

8. Do you think all customers should pay their actual share for electric service?

Yes, to the extent that the Commission can exact the actual cost of service for each customer by classification, those customers should pay their actual share of the costs of providing that service.

9. What criteria should weigh most heavily when considering a request by a public utility for a rate increase?

Because the goal of the Commission should be to ensure the adequate and reliable provision of utility services at just and reasonable rates, any components of the rate that may impact the utility's ability to provide those services should be heavily weighed when considering a request for a rate increase. In other words, if the utility has a significant revenue deficiency that could impact its ability to adequately and reliably provide the services, then the Commission should consider the causes of the revenue deficiency and the all available options for resolving the deficiency in the rate case. There is no single element that necessarily carries the most weight. Rather, the review of a rate request includes several elements or factors that in combination may drive a utility request for a rate increase.

10. What role do you think the PSC should play with respect to consumer protection? What should be the role of the consumer protection section of the Attorney General's office?

For most consumer complaints, the consumer protection section of the Attorney General's office is the appropriate enforcer of consumer protection laws. However, for matters related to the safe provision of, and billing for utility services, the MPSC can more efficiently and effectively implement basic consumer protections. If matters proceed beyond the ability of the Commission to effectively resolve, the Attorney General best represents the appropriate enforcement agency.

11. What is the proper role of the PSC in promoting energy efficiency? What should the PSC be doing to reduce demand for energy? Will you continue to support the PSC's issuance of grants to fund energy efficiency projects around Michigan? Do you think enough is being done to promote energy efficiency in Michigan?

In my view, the proper role of the MPSC in promoting energy efficiency is to oversee the implementation and subsequent evaluation of the Energy Optimization (EO) programs

mandated in PA 295. Because there is a cost to the EO programs, it is critical that the MPSC ensure customers are receiving benefits for their investments into the EO programs. We owe it to the customers. More importantly, energy efficiency is clearly our most economic resource at this time, so it makes good sense to promote efficiency.

Absent a uniform statewide EO program, the Commission needs to look for opportunities to eliminate barriers to participation in EO programs. One way to do that is to encourage program uniformity across multiple gas and electric providers, with a goal of eliminating customer confusion. The Commission is utilizing an "Evaluation Workgroup" as a vehicle for gathering stakeholder inputs into all facets of the EO programs development and implementation. This process will help to develop consensus and uniformity, which will help to more broadly promote energy efficiency.

In addition, the Commission is currently developing decoupling mechanisms to better align utility and customer interests with respect to energy efficiency. In fact, the Commission recently approved pilot decoupling projects in the rate cases for Michigan's two largest electric providers. These pilot projects will provide data and guidance on the proper mechanisms for removing the link between energy sales and utility revenues. As energy efficiency increases, there will be a resulting decrease in energy demand, leading to lower bills.

Grants from the Low-Income and Energy Efficiency Fund have proven to be an effective way to improve energy efficiency in the homes of Michigan's low-income residents, and I will continue to support projects that cost-effectively deliver benefits to Michigan's low-income residents.

Michigan has not had utility-based energy efficiency programs in place since the 1990's, and is now experiencing a burst of statewide activity during this period of the EO program ramp-up. In my view, we should maintain the level of promotion we have today. As the utility EO programs are evaluated, we'll gain additional insights concerning the appropriate level of promotion of energy efficiency.

12. Do you consider the current statutory definition of renewable energy to be sufficient to take advantage of new technologies once they are technologically and commercially viable? What are your views on the use of alternative energy technologies? Are you an advocate of renewable energy?

In my view, the current definitions of renewable energy are sufficient to take advantage of new technologies once they become technically and commercially viable. If at any time in the near future, that no longer appears to be true, the MPSC will advise the Legislature in one or more of its reports on implementation of PA 295.

There is clearly a place for alternate energy technologies in the future generation and delivery of electricity in Michigan, and I'm not just referring to wind and solar PV systems. Small biomass, landfill gas, and waste-to-energy systems fall under the

definition of alternative energy technologies. These systems present possibly the greatest potential to meet the objectives of PA 295. They can be built to most any scale, from under half a megawatt to perhaps as many as 100 megawatts. They can be located very close to the load centers, thereby eliminating the need to build expensive new distribution and transmission facilities. Further, these "distributed" alternative energy systems can help solve problems with the disposition of wastewater treatment sludge and burgeoning landfills.

Rather than considering myself an advocate of renewable energy, I would consider myself an advocate for a diversified portfolio of cost-effective generation systems. When properly utilized, developing renewable and alternative energy systems can play an important role in stabilizing our generation costs while helping to improve grid reliability.

13. Do you believe ratepayers should pay a premium to support "green energy" above the current statutory levels? Should the promotion of "green energy", beyond those levels, be voluntary or should all ratepayers be required to pay a premium?

As a member of the Michigan Public Service Commission, I consider myself first and foremost an economic regulator of monopoly utilities. As such, I am uncomfortable with paying a premium for any generation technology, especially above the current statutory levels. To the extent customers are willing and able to pay for "green energy" above the statutory levels, then that should be their choice.

14. Governor Granholm set forth in an executive directive a process whereby the DEQ would decide and report to the PSC on the need for additional carbon-based power plants in the state while PA 295 of 2008 specifically entrusts that decision to the PSC. What will you do to protect the PSC's statutory powers and duties in this regard?

In my view, the DEQ is an environmental regulator, while the MPSC is primarily an economic regulator. I view these as very separate responsibilities. Technically, the Governor's ED did not direct the DEQ to report the need for additional carbon-based power plants to the MPSC, but rather the ED directed the DEQ to consider the need for new electric generation plants when considering issuing an air permit. The DEQ issued the air permit to Consumers Energy for a new coal-fueled power plant on December 29, 2009, so from my perspective, this is pretty much a moot issue. If Consumers Energy so desires, they can voluntarily apply for a "Certificate of Necessity" as established in 2008 PA 286, and the MPSC will consider that application under the provisions of the law. The Governor's ED does not amend the law, so therefore nothing has changed with respect to the MPSC's statutory powers and duties.

15. What are the updated cost estimates for implementing PA 295 of 2008?

Assuming the question seeks the administrative costs of the MPSC to implement PA 295, following the 2008 passage of PA 295, the MPSC created a new division called the Electric Reliability Division (ERD). Over the course of 2009, the ERD vacancies were filled with 25 employees and 2 student assistants. The 2009 costs to completely staff ERD are estimated to be \$1.7 million. Projections for 2010 are based upon the first quarter estimates, and suggest a total closer to \$1.9 million. This Division must manage the 80-plus renewable energy plan cases, and the 60-plus energy optimization plan cases, as well as deal with implementation and reconciliation matters.

If the question seeks cost estimates for how much the Renewable Energy (RE) and Energy Optimization (EO) surcharges will be by-year or by customer class, that is considerably different. The statutorily-established RE surcharges over the course of the 20-year RE plan period for CE and DTE is expected to be approximately \$6 billion. For EO costs, I have attached at the end of this document a copy of Appendix C-1 from the Commission's "Energy Optimization Report to the Legislature" (November 2009) that outlines the latest calculations of the EO program spending.

**16. Do you favor passing government mandated costs on to utility customers?
What will you do to ensure that an energy policy minimally impacts
customers' rates?**

I am generally not in favor of government mandates, but recognize there are instances and circumstances that may warrant government actions, including the use of mandates. As an economic regulator of energy utilities, it would be my job to ensure that energy policy minimally impacts customer rates. That would be accomplished by maintaining open and effective processes and procedures in the cases that come before the Commission and deciding the cases based on the merits of the evidence and arguments put forth.

**17. Energy costs are important factors in a state's economy. Discuss how
Michigan rates compare to those in neighboring states. Does this concern
you? As a member of the PSC, you understand that low electric rates are a
key component in Michigan's economic recovery plan, what will you do to
keep the state's electric rates low?**

I am keenly aware of the impact energy costs have on Michigan's economy, and I will work as hard as necessary to keep Michigan energy costs competitive.

Michigan's natural gas rates have historically been among the lowest in the country, while our electricity rates have been below the national average in recent years. With natural gas, I expect our rates to continue to be on the low-end of the spectrum due to our underground natural gas storage facilities, which are among the best in the nation.

Underground storage allows Michigan's natural gas providers to purchase gas at periods of low prices and store it until supplies become tight and prices rise. At that point, Michigan's gas ratepayers are using the gas purchased at lower prices. Michigan's storage capacity thereby serves as a hedge against the supply and price volatility that typically occurs in the natural gas markets during periods of peak use.

Unfortunately, electricity is another story. While Michigan's electric rates have been at or below the national average in recent years, I'm sorry to report that in the last year, Michigan's electric rates have been going up faster than the national average.

When compared to our four neighboring states (IL, IN, OH, and WI) using the latest data (EIA 9/09), Michigan's electric rates are second highest in the residential sector (to WI), second highest in the commercial sector (to Ohio), and second highest in the industrial sector (to IL). Michigan "all sector" average electric rate is highest among the five-state region. To say this concerns me would be an understatement! Containing Michigan's energy costs is critical to our economic recovery.

As a member of the MPSC, my efforts to keep Michigan's electric rates as low as possible will be based on a two-pronged approach. First, we need to reduce our use through employing energy efficiency measures as discussed in answers to previous questions. Energy efficiency is our lowest-cost energy resource for the foreseeable future and reducing our use will deliver multiple benefits, including lower prices and lower bills. Second, we need to do a better job of working with our electric utilities on all aspects of generating and distributing electricity. We need to be tough as regulators, ask difficult questions, and demand better performance.

18. Do you favor a level of competition in the regulated energy markets the PSC oversees? If so, do you believe the current statutory level(s) adequately advance the cause?

In my view, any level of competition helps to discipline markets, even when they are primarily regulated. Regulation can be more effective when the threat of competition exists. When compared nationally, the 10 percent cap on electric choice customers is a reasonable level. However, in my view it is incumbent upon the Legislature and administration to closely monitor the cap to ensure it is not serving as an impediment to lower energy prices and rates. Periodically reviewing the level of customer choice established in PA 286 makes sense.

19. Do you believe that there is effective competition in the telecommunications industry? To what extent do you believe robust competition between wireline and wireless carriers impacts economic development in Michigan?

For the most part, I believe that adequate competition in the telecommunications industry exists in Michigan. Driven by technological advancements, telecommunications are

largely deregulated in Michigan, and while not fully competitive in all regions of the State, most regions experience effective competition. The framework in Michigan's Telecommunications Act is serving its intended purpose by driving competition. Given the potential for continued advancements in telecommunications systems, we need to continue to facilitate and foster robust competition between wireline and wireless carriers. In my view, wireline telecommunications systems will continue to be a significant though declining participant in the industry for the indefinite future. Meanwhile, the potential for wireless systems to contribute to economic development opportunities in Michigan will continue to grow.

20. What should the PSC do to facilitate job promotion and economic development?

First and foremost, the MPSC needs to work hard to make sure our energy rates are competitive. Energy rates that are competitive will do more than anything else to facilitate job promotion and economic development, as well as job retention in Michigan.

Next, the MPSC needs to implement the energy laws passed in 2008 (PA 286 and PA 295) in a manner that reduces or eliminates impediments to investments in Michigan. The provisions in these laws have a great deal of potential to stimulate economic development and create jobs in Michigan, but only if the provisions are implemented such that investments can be made with confidence. In other words, we need to create an environment of certainty for businesses seeking to make these investments. Fair and consistent rules and decisions, along with working closely with the utility and energy industries will help to accomplish these objectives.

Finally, the MPSC must provide leadership by encouraging and facilitating education and training in the skill areas needed for our citizen's to capitalize on the job opportunities that will become available as investments are made in renewable and alternative energy, energy efficiency, conventional generation, and transmission and distribution systems.

21. What consideration should the environment be given in utility regulation?

As I have noted previously, the focus of the MPSC is and should be on the economic and safe delivery of reliable energy services. To the extent that environmental issues impact the costs of energy commodities and services, or the safe and reliable supply of the utility services, then consideration should be given to those issues in utility regulation. However, it is important to keep bright the line between economic and safety regulation and environmental regulation.

22. Do you think Michigan needs a long term energy plan? If so, what should its components be?

In my view, Michigan definitely needs a long-term energy plan. The planning exercises conducted for the MPSC staff's 2006-issued "Capacity Need Forum" (CNF) report and updated for the 2007-issued "21st Century Energy Plan" (21CEP) were critical for providing a statewide assessment of Michigan's existing electric generating resources and for developing a roadmap for meeting future electric energy needs. In addition, the energy laws passed in 2008 that were based in large part on the recommendations of the 21CEP provide us with a reasonable framework for addressing the electric energy needs in Michigan for the next several years. However, electricity is only part of an energy plan. Natural gas used for heating (roughly 80% of Michigan's homes are heated with natural gas), industrial feed stocks, and manufacturing processes is another key component of any energy plan. In addition, transportation fuels are yet another significant sector within an energy economy that could be appropriately addressed in a long-term energy plan.

We have made great strides in a relatively short period to address many of the problems that this State has experienced by the absence of a cohesive energy plan, but now is not the time to sit back and rest - more work is needed.

A key component of a long-term energy plan is the actual planning. It is important to understand that planning is not a one-time exercise; it has to be routinely updated to reflect the here and now. The 21CEP forecasts for demand and energy were significantly reduced from the CNF due to unforeseen circumstances impacting the Michigan economy and likewise a planning effort conducted today would provide an adjusted forecast still.

In my view, some of the essential components of a long-range energy plan are: an assessment of existing and available fuel supplies and an assessment of existing electric generation resources; forecasts for demand and energy, and comprehensive modeling to assess the right mix of resources to provide future needs, including energy efficiency options, renewable and alternative energy options, traditional base-load generation, and infrastructure needs such as pipelines and transmission options. Finally, a dynamic process for evaluating energy markets and prices is a necessary component of a robust long-term energy plan.

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Municipals 20-29
have filed jointly for
EEO program
spending.